

21 August 1951

CONTRIBUTION TO STAFF PLANNING PROJECT NO. 26.

TO:

FROM:

25X1A9a

SUBJECT: Iranian Economy in the Event of a Successful Oil Settlement.

If negotiations in Iran are successful, our position there will be immeasurably improved by mid-1953. Under a new arrangement the Iranians would receive at least half the profits derived from the sale of POL. Their annual foreign exchange receipts would be several times as great as in the past.

From^a/shaky condition, fiscal affairs of the Iranian government overnight would become sound. A large economic development program could be inaugurated. Through these and other improvements the threat of the Tudeh party would be mitigated, while the bonds of the government with the West were being strengthened.